

CHAPTER IV. APPLICATION PREPARATION and PROGRAM GUIDANCE



A. CONSIDERATIONS PRIOR TO APPLICATION

1. Local Public Hearings - Each community, county, or AOG wishing to submit an application for CDBG funds is required to hold at least two public hearings, each at a different stage of the process. The purpose is to obtain citizen's views and to respond to proposals and questions. Public hearings must be conducted in a manner that will meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate. Accommodations must also be made for disabled persons.

a. First Hearing: This must be held **BEFORE** preparation of the pre-application. See **Appendix B for sample notices**. The purpose of the first public hearing is to:

- (1) Provide information to the public that includes at least the following:
 - ◆ The amount of CDBG funds expected to be available for projects for the new year.
 - ◆ The types of activities that may be undertaken with CDBG funds (Chapter III).
- (2) Identify and discuss the Community Development needs of the community.
- (3) Obtain citizens' views and suggestions regarding possible projects.
- (4) Respond to those suggestions and questions.

b. Second Hearing: This must be held **AFTER** an applicant is notified that their application has been funded by the Rating and Ranking committee (RRC) but **BEFORE** the final application is due in May. Applicants whose projects are not funded do not hold this second hearing. The purpose of the second public hearing is to:

- (1) Identify the project that has been approved for funding,
- (2) Identify the amount of funding to be received,
- (3) Respond to specific concerns and questions of citizens, particularly those who may be immediately impacted by the project.

c. Documentation: Applicants must include the following with their application:

- (1) Copies of the above public notices or *postings,
- (2) Detailed minutes of the meeting. (See **Appendix B** for required format.) The minutes should include the following:
 - ◆ Names of all persons who attended (city officials by name and title and all citizens)
 - ◆ Amount of CDBG funding available, eligible activities, past projects accomplished with CDBG funds in the community and any activities which might displace LMI persons,
 - ◆ All comments, suggestions, and questions plus the responses given. (When responses must be provided other than at the hearing, that response should be made within 15 working days),

d. Preparing Public Hearing Notices: Sample Notices are included in Appendix B.

- (1) The first notice **MUST NOT** identify a specific project, but must invite ideas & suggestions from citizens.
- (2) Either in the first notice or during the first public hearing applicants must provide citizens with the address, phone number, and time for submitting complaints and grievances.
- (3) There must be reasonable notice of the hearings. These times have been established below:
 - ◆ Each hearing must be advertised a minimum of 7 days PRIOR to the hearing.
(Hearing notices should not appear more than 14 days prior to a hearing.)
 - ◆ All applicants residing in a jurisdiction with the availability of a published newspaper **MUST** publish the hearing notices.
 - ◆ Applicants who do not have a newspaper **MUST** post the publication in the same manner as a publication. The posting must be accompanied by a Certificate of Posting (See Appendix B).

****POSTING IS NOT AN OPTION IN LIEU OF PUBLISHING WHEN THE APPLICANT HAS ACCESS TO A NEWSPAPER OF GENERAL CIRCULATION IN THEIR COMMUNITY. AN APPLICANT MAY POST AND PUBLISH IF DESIRED.***

2. Pre-application Workshops: The state requires each AOG region to hold at least two public workshops yearly to assist prospective CDBG applicants and to take suggestions regarding the CDBG process. All open meeting law requirements must be adhered to.

These public meetings are referred to as "**How to Apply Workshops**" and are designed to educate applicants about national objectives, eligibility requirements, time frames, and the rating and ranking process. All major program requirements contained in this book are also discussed.

Notification of these workshops is made by each AOG office at least seven (7) days prior to the scheduled meeting and must be sent to all interested parties in the region, including cities and counties. Mailing lists for notification should include:

- ◆ Low-income advocacy groups;
- ◆ Special service districts;
- ◆ Housing authorities;
- ◆ Chambers of commerce;
- ◆ Economic development organizations;
- ◆ Other agencies identified in the area.

*** It is mandatory that an “OFFICIAL” representative of each applicant attend a workshop in the applicant’s region. Applicants wishing to attend another region’s workshop must contact the state CDBG staff first.**

3. **Allowable Grant Administration Costs:** No more than 10 percent of a CDBG grant can be used for CDBG administrative costs. Administrative costs must be broken out from the rest of the project costs on the budget. The administration budget covers the cost of implementing a local project and may include such things as:

 - ◆ Salaries and wages of individuals working specifically on the CDBG project;
 - ◆ Travel costs incurred for official business in carrying out the project;
 - ◆ Costs involved in the preparation of the environmental review;
 - ◆ Other contract costs for professional services associated with program administration.
4. **Grant Administration Capacity:** All applicants **MUST** have the capacity to undertake and complete the project they are proposing. All first time applicants are assumed to have this capacity. If an applicant does not have the administrative capability to keep current fiscal records and pertinent support documentation, it must contract with an organization to administer the grant for them. The capacity of a repeat grantee to successfully carry out another CDBG grant will be evaluated by the RRC in conjunction with the state CDBG staff. The following criteria will be used to make this determination:

 - a. How many grants has the applicant had and for how much?
 - b. What percentage of prior grants has been completed?
 - c. Were there administrative problems?
 - d. Did the applicant assign a contact person to assume responsibility and maintain proper records?
 - e. Was documentation supplied to the state?
 - f. Was the project carried out as specified?
 - g. If necessary, can the applicant demonstrate an improved administrative ability to complete another grant?
 - h. Does the applicant have *Operating and Maintenance* costs budgeted for continued project operation after the grant period ends?
 - i. Were previous projects completed in a timely manner?
 - j. Was there compliance with all applicable laws?
5. **Water /Waste Water Treatment Plant Project Plan Approval:** Culinary water and wastewater treatment plant projects must submit specifications to the Department of Environmental Quality (DEQ) for approval. The state CDBG staff must receive written approval from DEQ before any release of CDBG funds.
6. **Real Property Acquisition:** Applicants acquiring real property as part of a larger project must complete all construction within three years of title transfer to meet national eligibility objectives. A CDBG applicant may only enter into an ‘option to purchase, or an earnest money agreement’, prior to *contract completion* and the rating and ranking of their application, under the following circumstances:

 - a. The specific property must be shown in the application to be essential to a projects’ success, or the only property available in the jurisdiction’s boundary for the type of project proposed.
 - b. The applicant may not obligate or refer to the use of CDBG funds in the earnest money agreement or option to purchase although a specific statement must be included regarding the satisfactory completion of a HUD environmental review.

- c. The applicant must use non-CDBG funds to secure any such option or to establish earnest money that will not be reimbursed with CDBG funds even if the application is approved.
 - d. If the applicant wishes to use this procedure, notification must be made to the state CDBG office **prior** to the initiation of any such action and **prior** to the application submittal.
- 7. **Planning or Engineering Only Applicants:** Title I of the Housing and Community Development Act requires that any community receiving a grant for the use of planning must meet a national objective in the same manner as any other grantee. (See Chapter III - B)
 - a. **Physical Planning:** In order to meet the national objective intent of the Small Cities CDBG Program, the State of Utah has established a physical planning grant process. It is necessary that this be established so that certain physical planning projects may be performed by Regional Planning Agencies to determine CDBG eligibility. Only eligible communities are eligible to use CDBG funds for planning. Cities and Counties may also use CDBG in the preparation or revision of conditional use permit systems and other similar special purpose planning including housing assistance plans, redevelopment plans and community impact analysis, etc. **This definition does not include assistance to existing CDBG grantees in preparing their mandated Consolidated Plan or slum and blight alleviation plans.**
 - b. **Planning Grants for Economic Development Only:** Economic development planning at the city or county level will be authorized for a maximum of two grant cycles (30 months). It is assumed that the planning efforts over this period of time will result in an organization and strategy for economic development in subsequent years. All subsequent economic development applications should include implementation efforts such as revolving loans, economic development infrastructure improvement grants, beautification projects, storefront renovation and redevelopment projects. On-going planning updates, modifications and organization administration should be carried out by the city or county at their own expense after this 30-month time frame.
- 8. **Housing Applications:** Applicants interested in a housing project should review the list of eligible activities in Chapter V.

9. Economic Development:

a. Economic Development Applications: Applicants proposing economic development projects must comply with the state economic development guidelines detailed in Chapter VI.

b. Economic Development Set-Asides: A region may elect to establish an economic development set-aside. This will guarantee that a certain level of funding will be spent on economic development within that region and allow competition among like applicants.

10. Project Duration - All CDBG contracts, except AOG contracts, will terminate December 31 of the year following contract award. Depending on how quickly grantees execute and return their contract, it will run about 18 months. Construction projects may not be able to complete their project within this time frame unless they meet various milestones. Extensions are discouraged, but possible. Any requests for extension will be based on how well a grantee has met the following milestones.

*Environmental review process completed 90 days from executed date of contract
Engineering design and bid ready, specifications completed by January 31, 2007
Advertisements for bids published prior to February 28, 2007
Bid Award issued by April 15, 2007
Notice to proceed issued by May 31, 2007*

The state staff will closely monitor each grantee's progress toward these deadlines. Failure to meet these deadlines will invoke the right to terminate the contract on the basis the project cannot be completed within the contract time limits. The state must give each grantee a 45-day notice of termination and if the grantee can meet the deadlines then the termination will be canceled and the project may proceed. The grantee may appeal termination notices. Appeals must be made in writing within 10 days following the receipt of the notice of termination. The CDBG Policy Committee will arbitrate appeals cases. The grantee does not need to be in attendance at the policy committee meeting and decisions can be made based on telephone polls, conference calls, faxes and E-mail. Non-construction projects may be extended on a case-by-case basis by the state staff based on need and grantee performance.

11. Training: Each grantee is required to attend a one day training workshop prior to their contract being executed. Experienced grantees that have demonstrated a capacity to manage and complete CDBG projects in a timely manner may be exempt from this training at the discretion of the state CDBG staff.

12. Contract: Following the submission of the final application in May, the grantee will execute a formal contract with the state. This contract identifies specific CDBG contractual requirements including: Environmental Review Requirements , Federal Labor Standards, and Civil Rights.

13. Prior Costs Incurred: Except under special conditions (see "Pre-agreement Expenditures" below), any costs incurred prior to the execution of a contract between the grantee and state **ARE NOT ELIGIBLE** for reimbursement.

14. "Pre-Agreement" Expenditures: Based on amendments made to the State Small Cities CDBG regulations in 1992 there is an allowance, under certain conditions, for the commitment and expenditure of funds before a contract is executed between the state of Utah and a local government grantee. This commitment for expenditure of funds can only take place after the actual award of funds by the state after its review and approval of the final application. Common activities that may be pre-approved include: holding workshops, engineering studies or purchasing equipment where advance purchase is required prior to delivery.

- a. A written request from the grantee must be submitted to the state, signed by the chief elected official of the grantee agency, that fully explains the need for the expenditure, a description of the activity to be performed and why it must be done before the contract is executed. See the template example on the next page.
- b. No expenditures may be incurred prior to completing the necessary environmental review and receiving an environmental release. The one exception is expenses related to preparing the environmental review. No pre-agreement is required to incur costs related to the environmental review.

15. Regional Guidance

- a. **Application Completion:** Each RRC has the responsibility to ensure that final applications are completed in full prior to submission to the state. Each application must contain all required supporting documentation.

The HCD will advise the RRC to ensure that applications are completed within the specified time or HCD will recommend funding go to the next project on the priority list.

- b. **Minimum Project Size:** The RRC may establish a minimum project size. Local match requirements can be imposed by the RRC to increase leveraging of CDBG funds but are not mandated program requirements. RRC's should recognize that local match requirements might make it difficult for small communities to obtain larger grants that may be needed. Some flexibility is admonished. **Unless a grantee can commit local resources and staff time for project administration, prospective grantees should be cautioned that projects under \$30,000.00 do not allow sufficient funds for administration as well as adequate project development.**

- c. **Applicant Administrative Capacity:** The RRC in consultation with the state will assess the ability of each applicant to administer a CDBG grant (see Chapter IV-A: Consideration by Grantees Prior to Application). Such ability may be demonstrated through internal management capacity, a consultant or other agreement with regional planning agencies, or other units of local government. Administrative capability will also be based on the submission of progress and satisfactory monitoring reports for prior CDBG grants. **In the event an applicant has demonstrated a lack of internal management capacity with prior CDBG grants, it must provide information indicating that this problem has been corrected or that it is prepared to contract services for the administration of future grants.**

Sample Pre-agreement Request

SMITHVILLE
A City of Smiths since 1901

June 2, 2003

Cheryl Elliott, CDBG
324 S. State Street
Salt Lake City, UT 84114

Re: Pre-agreement for housing rehabilitation

Dear Cheryl:

Smithville Utah is requesting a pre-agreement to allow the City to begin incurring costs associated with this CDBG project prior to the execution of an official contract. This agreement is only possible on this project because the actual award of funds and the approval of the application have already occurred. Please refer to the CDBG Application Guide Chapter IV, section 13 regarding pre-agreement requests.

This project consists of purchasing a piece of property which contains a two bedroom home, rehabilitating the home using non-CDBG funds and then renting the home to an eligible LMI family.

Smithville is in need of this agreement because of escalating property prices and the need to expend the rehabilitation grant funding prior to the end of the calendar year. At this point Smithville would like to secure purchasing rights to the property in order to begin the environmental process. We are also anxious to begin the CDBG acquisition procedure as soon as possible.

Smithville understands that only eligible costs can be reimbursed and that an environmental review and **release letter is required** before we begin the expenditure of **any funds associated with this project** and that **commitment of federal funds** is a violation of federal code and may result in Smithville forfeiting its right to federal funding for this project.

Sincerely,

Joe A. Smith, Mayor

- 16. Local Grantee Certifications:** Section 104(a)(2) and 106(d)(5) of the Housing and Community Development Act outlines the local certification requirements that must be submitted by successful applicants. These include certification that:
- a. The appropriate assistance will be provided should displacement or relocation be necessary due to the proposed project,
 - b. An Affirmatively Furthering Fair Housing policy has been prepared and adopted by the community,
 - c. Full citizen participation will be sought.
 - d. There will be no attempt to recover any portion of the capital costs of a CDBG assisted project from low and moderate-income families. These certifications are contained in the contract.
 - e. In connection with the planning and carrying out of any project, to the greatest extent feasible, opportunities for training and employment will be given to LMI persons residing within the project area.
- 17. Progress Reports:** A brief progress report describing the activities accomplished since the last RFF was submitted is required as part of each Request for Funds (RFF). Grantees that do not communicate with state staff and that have difficulty making progress on their project may be required to submit additional progress reports.
- 18. Program Monitoring/Technical Assistance:** Near the end of the CDBG project the state will monitor grantee performance. The purpose of this visit is to ensure that grantee files are complete. This is done on-site. As a rule, the state staff will schedule one visit for each grantee that will include financial as well as programmatic compliance monitoring. Detailed guidelines are contained in the CDBG Grantee Handbook.
- 19. Grant Close Out:** A close-out form must be submitted when the project is completed. The purpose of the close-out is to report the persons or households that have benefited from the project. This information is required by HUD.
- 20. Audits:** Each grantee that expends over \$500,000.00 in federal funds from all sources during their fiscal year is required to have a single audit performed in compliance with OMB Circular A-128. These audits are to be submitted to the state auditor's office in a timely manner. Grantees who do not submit audits in a timely manner may be subject to any of the following:
- a. Requests For Funds (RFF's) for any current contract will not be processed until the audit is received.
 - b. In severe cases the current contract may be terminated.
 - c. Future applications will be downgraded during the rating/ranking process.

After the audit has been received and approved by the state, and all criteria have been met, the CDBG contract will be officially closed.

B. COMPLETING THE APPLICATION

Pre-applications must be received by the AOG no later than 5:00 PM, December 2, 2005. An AOG may require an earlier submission date.

1. **Pre-Application Preparation/Submission** - The **PRE-APPLICATION** requests applicant information, public hearing documentation, and project information as it relates to CDBG program compliance. The final page of the pre-application form is a certification statement that must be signed by the preparer, the AOG, and the chairman of the Rating and Ranking Committee (RRC).

All information must be completed. The **PRE-APPLICATION**, along with any supplemental application information required by the RRC, will be used to ensure that the proposed project meets all federal compliance requirements. The review of the **PRE-APPLICATION** also serves to identify any areas that require additional information before rating and ranking can occur.

The Associations of Government will review each **PRE-APPLICATION**. Each region has the right to choose the due date for pre-applications. Pre-applications will be logged in by the AOG as they are received. Applications not received by the deadline established will not be rated and ranked. **It is the applicant's responsibility to make sure they are aware of the deadlines established by their individual AOG office. Additionally, if threshold criteria have not been met by the RRC deadline the application will not be rated and ranked and will be eliminated from further competition.**

State Review – The state CDBG staff, upon request, will review pre-applications for eligibility and national objective compliance, prior to the rating and ranking process. Following regional prioritization and receipt of the final applications, the state will review every application for eligible activities and national objective compliance.

An applicant may submit more than one application. (See specific Rating and Ranking policies for each in Appendix H).

The following are step-by-step instructions for completing a pre-application: Please note that the outline letters match the pre and final application outline.

- A. Fill in the requested names, addresses, phone numbers and other contact information.
- B. Immediately following the Regional "**How to Apply**" Workshops and prior to preparing the **PRE-APPLICATION** (Appendix A) prospective applicants must hold their first public hearing. The hearing must conform to the requirements of the template in Appendix B.
- C. Attach a separate scope of work, a map and photos or the project or site.
- D. A registered engineer or architect must provide a cost estimate of construction plans for all facilities or improvements *presented on* official letterhead of the engineering company.

- E. List all funds going into this project. Matching funds are not required but help in the rating and ranking. All applicants should be familiar with the rating and ranking system for their region. (See Appendix H)
- F. Types of Grants: There are two types of grants, **Single-Year or Multiple-Year** that can be used to meet a variety of circumstances:
 - 1) **Single-Year:** This grant is approximately an 18-month project that addresses **one or more** of the eligible activities listed under Section 105 of the Housing and Community Development Act.
 - 2) **Multiple-Year:** If the entire funding for a large project cannot be allocated by the RRC in a given year, it may be advisable for an applicant to secure, with RRC support, additional funding guarantees for up to three years. In this case, competition is not required in subsequent years' application processes. The RRC must annually provide written confirmation that continued funding will be given to the project.
- The application must clearly indicate the type of grant being applied for. In all cases, applications must address eligible projects or activities as defined in Section 105 of the Housing and Community Development Act of 1974, as amended. (See Ch. 3 E)
- An application may contain **multiple activities** for either a single or multi year project if the following conditions are met:
 - The multiple activity application must involve activities that bear a relationship to each other (excluding administration, planning and management) in terms of support or necessity.
 - Activities must be carried out in a coordinated manner and be consistent with the consolidated plan.
 - Adequate scopes of work must be approved and submitted to the RRC for each year.
- Each RRC must approve using its future allocation as a set-aside for multiple-year projects.
- G. All applicants must document compliance with the regional consolidated plan. The AOG office can provide assistance to applicants in referencing the regional consolidated plan.
- H. All jurisdictions should have a moderate- income-housing plan. Additional points are given to those who document having said plan. Applicants who are unsure about this requirement should check with their jurisdiction or AOG.
- I. All applicants must document that their project meets an eligible activity. See chapter III for details.
- J. All applicants must document that their project meets a national objective. See chapter III for details.
- K. Sign and, if appropriate, have the chief elected official commit local funds.

2. **Final Application Preparation/Submission** - Applicants whose pre-application was successful will complete the **FINAL APPLICATION**. This document is the second half of Appendix A and follows immediately after the pre-application. The **FINAL APPLICATION** requires more detailed project specifics, certifications, and additional documents (e.g., Residential Anti-displacement and Relocation Assistance Plans, etc.) that are not required of pre-applicants. Also required is greater detail in the scope of work, including an engineer's estimate of costs. Building projects must also address future operating and maintenance costs. Any problems identified in the pre-application must be resolved as part of the final application, including any outstanding income survey issues.

REMINDER: When completing the budget in the Final Application, no more than ten percent of the CDBG allocation may be designated for administrative purposes (see this Chapter, IV-A, number 3 for examples of administrative activities).

Submission of Final Application - **FINAL APPLICATIONS** must be submitted to the state no later than **May 5, 2006**. At that time all required backup documentation must be included so that the contract can be prepared and executed.

If applicants have questions concerning the form or its completion, they should contact their local AOG representative or the state Division of Housing and Community Development, 538-8861.

The following are step-by-step instructions for completing the final application:

- L. This section is simply a planning tool to help both the applicant and the state prepare to implement the project. The **FINAL APPLICATION** must indicate the amount of time expected for project completion; that is, the number of months from the time a project begins to the time of expected completion. Based on this estimate, a project time frame can be determined. This will be helpful to the grantee and the state by providing a guide that will help ensure that work has begun and is progressing so that it will be completed by the contract termination date. If work has not begun by the estimated start date, the grantee should immediately contact state staff to review the status of the project. If satisfactory resolution cannot be reached the contract may be mutually terminated. **When estimating the project duration, grantees should keep in mind that all necessary environmental reviews must be completed before a project is allowed to begin. The review must be completed within 90 days of contract execution.** Grantees should contact Cheryl Elliott, 538-8729, to determine the time frame required for their project's environmental review.
- M. Attach a refined scope of work with specific detail relating to the project. (Information provided should be limited to what, exactly the project is rather than all the reasons the project is needed.)
- N. All applicants must complete the low/moderate beneficiary section.

O. Performance measures are required of every applicant.

- 1) **Applicants must select one area that best describes the overall project objective.** For example, if the community is installing new water lines to replace old water lines, the appropriate choice would be "Suitable living environment"
- 2) **Applicants must select at least one outcome that the completed project will achieve.** Using the water line example above, the applicant would check "Sustainability / Livability". If the new water line will be installed at an affordable housing complex, the outcome may be "Affordability" If the water line is into an area that didn't have water lines before the outcome may be "Availability/Accessibility".

P. The second public hearing must be held **AFTER** an applicant is notified that their application has been funded by the Rating and Ranking committee (RRC) but **BEFORE** the final application is due **May 5, 2006**. Complete instructions are on pages 1 and 2 of this chapter, See also Appendix B.

Q. Some projects (Those that involve more than one legal entity) require a cooperative agreement. Please contact the state CDBG office for a sample 'agreement' if the application involves more than one legal entity.

R. A Residential Anti-Displacement Plan is required for all applicants. Subsection 104(d) of the Housing and Community Development Act of 1987 states that grant assistance through Section 106 of the Act may be made only if the grantee/recipient certifies that it is following a "residential anti-displacement and relocation assistance plan." The provision of this plan shall be in addition to the requirements set forth in the Uniform Relocation Assistance and Real Property Acquisition Policies Act Amendments of 1970 (URA) as amended by the Surface Transportation and Uniform Relocation Assistance of 1987. See Appendix F for a template. The plan must contain two components:

- 1) **A commitment to replace all low/moderate-income dwelling units** that are demolished or converted to a use other than low/moderate-income housing as a direct result of the use of CDBG assistance; and
- 2) **A commitment to provide relocation assistance.** A sample template Anti-displacement Plan is included as Appendix F.

S. See Chapter III page 10 for a list of all-inclusive federal requirements.

T. All applicants must complete a detailed and up-to-date budget.

C. ADMINISTRATION

1. **Timely Distribution of Funds:** The state is required by HUD to ensure that CDBG funds are allocated and distributed in a "timely" manner. In order to achieve this, the state has established the following time frames that address the receipt of applications and contracts. CDBG grantees must adhere to the following timeliness requirements:

- (1) Grantees have until **JULY 1**, to sign and return all copies of the contract to DCC.
- (2) On a case by case basis, RRC's may allow a one month extension, until **AUGUST 1**, to grantees who are experiencing unexpected or unavoidable delays. Grantees experiencing these circumstances must notify their RRC before **JULY 1**.
- (3) All funds not under contract by **JULY 1**, will be returned to the appropriate RRC for reallocation, first to any partially funded project, and second, to the next highest-ranking project that was not funded by the region. The RRC has the month of **JULY** to complete this reallocation.
- (4) Any funds not reallocated by the RRC by **AUGUST 1**, will be returned to the state for reallocation during the month of **AUGUST**. The state will reallocate the funds to an approved project that did not receive full funding regardless of regional origin. However, should circumstances warrant, priority will be given to the originating region.
- (5) Projects with other funding sources in addition to the CDBG grant must demonstrate that they are actively seeking the additional funds needed to complete the project.
 - ✓ If additional funds have not been secured by **JULY 1**, grantees may, after notifying and receiving permission from their RRC, have the months of **JULY, AUGUST and SEPTEMBER**, to obtain **DEFINITE COMMITMENT** from other funding sources.
 - ✓ There are varying time frames and unexpected delays inherent with other funding agencies. Therefore, after **SEPTEMBER 30**, the RRC, in conjunction with the state, will determine necessary or requested extensions on a case-by-case basis. If the additional funds cannot be obtained within the time permitted, the RRC must reallocate the funds to other projects.

PLEASE NOTE!!!

GRANTEES WILL NOT BE PERMITTED TO DELAY THE PROCESSING OF THE CURRENT APPLICATION BASED ON THE POSSIBILITY OF RECEIVING AN ALLOCATION IN THE FOLLOWING YEAR. If an applicant is seeking substantial funding for a proposed project, a determination must be made by the RRC, **WHEN IT RECEIVES THE INITIAL APPLICATION**, whether or not to:

- (1) **Fund the project totally,**
 - (2) **Fund the application partially and require** the applicant to secure all additional funds necessary to complete the project **BEFORE MAKING A GRANT AWARD COMMITMENT** on or before the date of submission of the final application to the state, or
 - (3) **Make a certified commitment** to fund a specific portion of the request from the current year's allocation and the balance from the following year's allocation (multiple year funding).
2. **Five Percent Withholding:** On all projects, the state reserves the right to withhold 5 percent of the CDBG grant amount pending a satisfactory final programmatic/financial monitoring review.

3. **Cost Overruns**: The CDBG program will not fund cost overruns. However the RRC may provide additional funding due to a judgment against the grantee in a court of law. If a grantee, due to litigation, is required to pay damages or other costs directly related to a project partially or wholly funded by the CDBG program and is in full compliance with the regulations, the RRC may provide additional funding to satisfy the judgment. The funds must come from the regular yearly funding allocation to that region and be considered on its merits as a new applicant along with all other projects. The only other allowance for payment of cost overruns is if the RRC has included that as part of its Emergency Funding criteria.
4. **Fund Leveraging**: The state's role in the CDBG funding process is to provide assistance to grantees in leveraging other available financial resources. The principal agencies cooperating in this process are listed below:

 - ◆ Division of Water Resources
 - ◆ Division of Environmental Quality (DEQ)
 - ◆ USDA Rural Development (RDA)
 - ◆ Community Impact Board (CIB)
 - ◆ Economic Development Administration (EDA)

Local jurisdictions will be encouraged to seek additional private sector contributions when direct impacts are being experienced from industrial and natural resource or economic development projects.
5. **Federal Labor Standards**: If the estimated cost of a project is less than \$43,000.00 for a building or \$132,000 for infrastructure the city or county may make the improvements without calling for bids. For projects in excess of that amount, a project must be bid out in conformance with Utah Code Chapter 39 Title 11. In the event a construction project is estimated to be more than \$2,000.00, all specifications must include Davis Bacon Labor Standards and all bids received must reflect the same unless donated or force account labor is to be used. All construction projects must have a pre-construction conference. The state must be invited to attend in order to provide technical assistance and assure an understanding of, and compliance with, all federal and state regulations.
6. **Lead Based Paint**: The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S. C. 4851-4856), and 24 CFR part 35 are the regulations that apply to activities involving pre-1978 buildings used for housing that are funded with HUD dollars. Grantees should contact Cheryl Elliott, 538-8729, for additional environmental requirements.
7. **CDBG/HOME Program Administration** CDBG funds cannot be used to fund HOME program administration. CDBG funds can be used to pay program delivery costs in the HOME program. The difference between administration and program delivery is not strictly defined. The best way to look at it is - if a cost can be identified to a specific project, it is program delivery and can be charged to CDBG. If a cost was incurred for a mixed function such as accounting, budgeting, coordinating, and program management, it is an administrative cost and should be charged to HOME administration. CDBG funds used for HOME program delivery are subject to CDBG eligibility and national objective requirements.